



# Department of Justice

FOR IMMEDIATE RELEASE  
THURSDAY, MARCH 13, 2008  
[WWW.USDOJ.GOV](http://WWW.USDOJ.GOV)

CRM  
(202) 514-2007  
TDD (202) 514-1888

**FORMER NATIONAL CENTURY FINANCIAL ENTERPRISES EXECUTIVES FOUND  
GUILTY ON ALL CHARGES IN \$3 BILLION SECURITIES FRAUD SCHEME**  
*Defendants Guilty of Conspiracy, Fraud and Money Laundering*

WASHINGTON – A federal jury has found five former executives of National Century Financial Enterprises (NCFE) guilty of conspiracy, fraud and money laundering, following a six-week trial and less than two days of deliberation, Assistant Attorney General Alice S. Fisher and U.S. Attorney Gregory G. Lockhart of the Southern District of Ohio announced today. The Columbus, Ohio, jury returned the guilty verdict on all charges contained in a 27-count superseding indictment stemming from a scheme to deceive investors about the financial health of NCFE. The company, which was based in Dublin, Ohio, was one of the largest healthcare finance companies in the United States until it filed for bankruptcy in November 2002.

Donald H. Ayers, 71, of Fort Meyers, Fla., an NCFE vice chairman, chief operating officer, director and an owner of the company, was found guilty on charges of conspiracy, securities fraud and money laundering.

Rebecca S. Parrett, 59, of Carefree, Ariz., an NCFE vice chairman, secretary, treasurer, director and an owner of the company, was found guilty on charges of conspiracy, securities fraud, wire fraud and money laundering.

Randolph H. Speer, 58, of Peachtree City, Ga., NCFE's chief financial officer, was found guilty on charges of conspiracy, securities fraud, wire fraud and money laundering.

Roger S. Faulkenberry, 46, of Dublin, Ohio, a senior executive responsible for raising money from investors, was found guilty on charges of conspiracy, securities fraud, wire fraud and money laundering.

James E. Dierker, 40, of Powell, Ohio, associate director of marketing and vice president of client development, was found guilty on charges of conspiracy and money laundering.

"These convictions send a clear message to corporate America that executives will be brought to justice for lying to investors and misrepresenting the actions taken in their normal course of business," said Deputy Attorney General Mark Filip, chairman of the President's

Corporate Fraud Task Force. “These are the latest successes in our efforts to improve the integrity of our financial markets.”

“By holding accountable those who break the law, today’s convictions help restore some of the faith and trust the public loses every time corporate executives defraud their investors. The jury’s verdict demonstrates that the public will not stand by while company executives commit billion dollar frauds, leaving the honest investors to bear the losses they create,” said Assistant Attorney General Alice S. Fisher. “I would like to thank the trial attorneys from the Fraud Section and the U.S. Attorney’s Office as well as the FBI, IRS, Immigration and Customs Enforcement and U.S. Postal Inspection Service for their diligent and successful work on this case.”

“The jury convicted company executives of building a financial house of cards and deceiving investors using financial sleight of hand,” said Gregory G. Lockhart, United States Attorney for the Southern District of Ohio. “I commend the agents, investigators and prosecutors from the Fraud Section and our office for their hard work on this lengthy and complex case.”

“This case is one of the largest corporate fraud investigations involving a privately held company headquartered in small town America,” said Assistant Director Kenneth W. Kaiser of the FBI Criminal Investigative Division. “The FBI continues to leverage its corporate fraud expertise gained through large-scale investigations such as Enron and WorldCom, to ensure that corporations represent their true health. From Dublin, Ohio, to Houston, Texas to New York, New York, the message is clear that the FBI will not stand by as corporate executives manipulate their financial statements and conceal illegal activities from criminal and regulatory authorities.”

“IRS aggressively pursues corporations and their officers who use their positions of trust for illegal activities. This kind of fraud touches the lives of many unsuspecting citizens and the public should know that the government is serious about holding corporations and their executives accountable,” said Eileen C. Mayer, chief, Internal Revenue Service Criminal Investigation.

At trial, the government presented evidence that the defendants engaged in a scheme to deceive investors and rating agencies about the financial health of NCFE and how investor monies would be used. Between May 1998 and May 2001, NCFE sold notes to investors with an aggregate value of \$4.4 billion, which evidence presented at trial showed were worth approximately six cents on the dollar at the time of NCFE’s bankruptcy in November 2002.

NCFE presented a business model to investors and rating agencies that called for NCFE to purchase high-quality accounts receivable from healthcare providers using money NCFE obtained through the sale of asset-backed notes to institutional investors. The evidence at trial showed that NCFE advanced money to health care providers without receipt of the requisite accounts receivable, oftentimes to healthcare providers that were owned in whole or in part by the defendants. The evidence further showed that the defendants lied to investors and rating agencies in order to cover up this fraud.

The evidence at trial showed that NCFE concealed from investors the shortfalls produced by this

fraud by moving money back and forth between accounts, fabricating data in investor reports, incorporating false information into the accounting system, and making other false statements to investors and rating agencies. Moreover, the defendants' compensation was tied to the amount of money they advanced to healthcare providers and those providers' outstanding balance owed to NCFE. The government presented evidence at trial that showed that the defendants knew that the business model NCFE presented to the investing public differed drastically from the way NCFE did business within its own walls and that NCFE was making up the information contained in monthly investor reports to make it appear as though NCFE was in compliance with its own governing documents.

Defendants face the following maximum penalties: Donald H. Ayers, 55 years in prison and \$2.25 million in fines; Rebecca S. Parrett, 75 years in prison and \$2.5 million in fines; Randolph H. Speer, 140 years in prison and \$4.25 million in fines; Roger S. Faulkenberry, 85 years in prison and \$2.5 million in fines; James E. Dierker, 65 years in prison and \$1.75 million in fines.

The case was prosecuted by Assistant U.S. Attorney Douglas Squires of the Southern District of Ohio, Senior Trial Attorney Kathleen McGovern and Trial Attorney Wes R. Porter of the Fraud Section, with assistance from Fraud Section Paralegal Specialists Crystal Curry and Sarah Marberg, FBI agents Matt Daly, Ingrid Schmitt, and Tad Morris, IRS Inspectors Greg Ruwe and Mark Bailey, U.S. Postal Inspector Dave Mooney and ICE Agent Celeste Koszut.

###